

Message Text

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ORIGIN EB-08

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USEEC - FOR UNDER SECRETARY COOPER AND AMBASSADOR STRAUSS

E.O. 11652: N/A

TAGS: ETRD, EEC

SUBJECT: COMPARISON OF US AND EC REFERENCE PRICES FOR
STEEL IMPORTS
DELIVER 9 A.M. JANUARY 6

1. WE HAVE DONE PRELIMINARY ANALYSES OF EC BASE PRICES AS
COMPARED TO US TRIGGER PRICES. RESULTS ARE TENTATIVE
SINCE MANY PROBLEMS OF COMPARABILITY EXIST WHICH CAN ONLY
BE RESOLVED IN TECHNICAL DISCUSSIONS WITH THE EC. OUR
TENTATIVE CONCLUSION IS THAT DIFFERENCES BETWEEN EC BASE
PRICES AND US TRIGGER PRICES ARE NOT SUCH AS TO SUBSTANTIATE
A CLAIM THAT THEIR SYSTEM WOULD HAVE A GREATER TRADE
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IMPACT THAN OURS.

2. COMPARISONS OF US "TRIGGER PRICES" AND EC "EFFECTIVE
PRICES" FOR STEEL IMPORTS FOLLOW:

UNIT:CIF \$/NET TON

PRODUCT U.S. EC

WIRE ROD (COMMERCIAL QUALITY) 278-301 265

WIRE ROD (HIGH CARBON)-----322-346 438

WIDE FLANGE BEAMS-----274-297 286

PLATES-----292-311 263

PRODUCTS US EC

HOT ROLLED SHEETS IN COIL 256-271 248

COLD ROLLED SHEETS IN COIL 323-339 331

ELECTRICAL SHEETS (NON- 606-626 516-569

ORIENTED)

ELECTRO-GALVANIZED IRON 372-389 368

SHEETS

GALVANIZED IRON SHEETS 375-391 409

3. US AND EC PRODUCT DEFINITIONS ARE NOT STRICTLY COMPARABLE, AND EC PRICE LIST, WHICH CONTAINS OVER 150 BASIC PRICES, IS MUCH MORE FINELY DIVIDED THAN THE US LIST. EC PRICES INCLUDE UNSPECIFIED EXTRAS WHILE US PRICES INCLUDE ONLY THOSE EXTRAS WHICH ARE REQUIRED TO MEET THE SPECIFICATION AND DIMENSIONS LISTED FOR EACH ITEM. THE US DUTY FOR EACH PRODUCT WAS ADDED TO THE ESTIMATED JAPANESE COST OF PRODUCTION PLUS IMPORTATION CHARGES (FREIGHT, HANDLING, INTEREST, INSURANCE) TO OBTAIN A US CIF PRICE COMPARABLE TO THE EC PRICE (EC LIST DOES NOT BREAK OUT THE IMPORTALIMITED OFFICIAL USE

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TION CHARGES AND DUTY, MAKING IT IMPOSSIBLE TO CONVERT EC PRICES TO OUR BASE). EC "EFFECTIVE PRICES", PUBLISHED IN EUA (\$1.21) PER METRIC TON (1 NET TON .907 METRIC TONS) WERE CONVERTED TO \$/NET TON. PRODUCTS CHOSEN FROM THE EC LIST AS MOST COMPARABLE TO THE US BASE ITEMS REFLECT THE BEST JUDGMENT OF TREASURY, COWPS, COMMERCE, AND STATE OFFICIALS ASSOCIATED WITH DEVELOPMENT OF THE US TRIGGER PRICE PROCEDURES. THE RANGE OF US TRIGGER PRICES IS BETWEEN THE LOWEST (PACIFIC PORTS) AND HIGHEST (GREAT LAKES PORTS) FREIGHT CHARGES FROM JAPAN.

4. EC EFFECTIVE PRICES ARE BELOW US TRIGGER PRICES FOR COMMERCIAL WIRE ROD, PLATES, HOT ROLLED SHEETS, ELECTRICAL SHEETS, AND ELECTRO-GALVANIZED SHEETS AND ABOVE FOR HIGH CARBON WIRE ROD AND GALVANIZED IRON SHEETS. US PRICE RANGE BRACKETS EC PRICE FOR WIDE FLANGE BEAMS AND COLD ROLLED SHEETS. FURTHER INFORMATION ON EC EXTRAS AND FREIGHT CALCULATIONS WOULD MAKE BETTER COMPARISONS POSSIBLE, BUT FROM AVAILABLE DATA IT DOES NOT APPEAR THAT EC PRICES ARE SIGNIFICANTLY LOWER THAN US TRIGGER PRICES. CHRISTOPHER

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